

## India-Iran Ties: RSTV – India's World

Anchor: Frank Rausan Pereira

Guests: D P Srivastava, Former Ambassador; Prof. A K Pasha, Centre for West Asian Studies, JNU; Waiel S H Awwad, West Asia Expert

### Why in the news?

- This episode of India's World focuses on Iran is exploring ways to increase its bilateral trade with India, including expanding banking channels.
- Only one bank has a business relationship with Iran. Experts believe there is a need to sign free trade agreements with India to reduce customs and tariffs on both sides to improve bilateral trade.
- The volume of trade between Iran and India stands between \$10 billion and \$13 billion USD, which has tremendous potential for improvement.
- Earlier in the year 2019, India had taken over operations of the strategic Chabahar port in Iran, opening a new strategic route connecting Iran, India, and Afghanistan, bypassing Pakistan.
- To boost tourism, Iran had started offering stapled visas and e-visas to Indians.
- In March 2019, several media reports suggested that India is exploring the possibility of expanding its anti-terror partnership with Iran to counter terrorist activities allegedly launched from Pakistan's soil.
- There is immense potential to expand the bilateral relationship between the two countries as Iran celebrates its republic day. Here we analyse the Iran-India bilateral relationship.

### Analysis by the Experts:

#### **What is the present or the current state of the bilateral relationship between Iran and India?**

D P Srivastava, Former Ambassador of India at WTO weighed in with his arguments here.

- We have had very good bilateral relations with Iran and this is rooted in the historical ties that Iran has had with India for the past two millennia.
- The period where Iran was under sanctions is only a flicker. It is not going to change the thrust of those relations.
- It is important to note the geostrategic location of the two countries. Iran is India's neighbour's neighbour. Thus, there is bound to be a community of interests. Our relations with Iran are essential for connectivity to Afghanistan as well as Central Asia.
- The second dimension is that of trade; over which Iran has always enjoyed a trade surplus which India doesn't mind. The trade surplus is due to the fact that Iran exports crude oil and our own exports do not match this.
- It took an enormous amount of effort to sustain these trade ties, and India worked-out a rupee payment arrangement which has been revived.
- Yes, there should be some diversification. I am sure that the Government is aware of this fact. Also, both India and Iran have faced the threat of terrorism from Pakistani soil. As a matter of fact, when the terror attack at Pulwama had taken place on the 14<sup>th</sup> of February, 2019, just a day before, terrorists based in Pakistan, killed 27 members of the elite Iranian revolutionary guards.
- Further the Iranian investigations confirmed that not only had the attack come from Pakistani soil, but the main person responsible for the attacks was a Pakistani national. Also, the modalities that were followed were identical. The Pakistani national blew up a car laden with explosives, just as what happened in Pulwama.

**There are several media reports in recent weeks that suggest that the India-Iran relationship could be**

**going under some strain or stress because India is moving closer towards the countries in the middle-east. Is this the case?**

Wael S H Awwad, West Asia Expert, weighed in with his arguments here.

- India is currently playing a balancing act to keep good relations with every party. India is keeping in mind her own national interest in particular. However, currently, there are a lot of players in the region. There are pressures from the American side in particular for India to follow an isolationist foreign policy as far as Iran is concerned. However, India's relationship with Iran is vital and it is geopolitical. Further, Iran and India are Asian neighbours and almost an extension of each other. In fact, it was only during the colonial period that we had a separation between the two.
- I also believe that India is an emerging power in the region and as a major player in international affairs, she should be in a position to keep every party at peace. I believe that India is in a good position to keep the relationship with Iran going forward despite the threat from Washington.

**Talking about the Americans, how much of an impact have the sanctions imposed by them on Iran have had? And how important is it for Iran then to boost its relationship with countries like India and the others?**

Prof. A K Pasha, Centre for West Asian Studies, JNU, weighed in with his arguments here.

- The Americans have imposed sanctions on Iran the moment the Islamic Republic of Iran was established way back in 1979. As a matter of fact, military intervention aggravated this problem. After the nuclear deal was signed under President Obama, these sanctions were lifted.
- However, under President Trump, these sanctions have again been re-imposed, which is more or less a continuation of what the U.S. has been doing since 1979, primarily with the focus of regime change in mind. They don't like the regime of the Ayatollah's to continue for a variety of reasons.
- Also, the Americans now see Iran as a major destabilizing agent in the region. Iran has a growing influence in Iraq; all governments in Iraq have been pro-Tehran. Syria has a strategic partnership with Iran. The Americans are quite concerned about Iran's role in this region which is primarily to safeguard the American regime change approach.
- It is important to note that there are two more factors that have been added to the whole idea of American sanctions- the fact that Saudi Arabia and the UAE have also joined hands with the United States of America in their anti-Iran campaign. In addition to these states we also have Israel which is an old ally of the United States of America. Thus, a combination of American sanctions and Saudi-UAE efforts, plus the support of Israel makes it a very formidable challenge for Iran and it is in this background that we need to see the waiver which was given to India and 5 other countries for the import of oil until May, 2019, which is going to expire very soon. Also, the Americans have made it very clear that they are not going to give a waiver any further beyond what has been given so far. India has to weigh its national interest and coordinate with EU, Russia, China, plus the other countries in the region, for example, Turkey and Asian oil consumers.

**Is it a tightrope walk for India going forward? Also, what should the strategy be in the months and the years to come?**

D P Srivastava, Former Ambassador of India at WTO weighed in with his arguments here.

- Yes, it is going to be a tightrope walk.
- However, it is in the interest of both Iran and India to sustain this relationship, especially at this juncture when Iran is in a difficult spot.
- India's relationship with Iran is rooted in the Af-Pak region. It is India's attempt to insulate this relationship from its relationship with the countries in the Arab world and beyond.
- It is important to note that the situation in Afghanistan is worsening and it is as much in Iran's

interest as much as it is in India's interest that Kabul has a stable regime which can withstand the pressure from the Taliban.

- As of now, there is a slight dissonance between the Iranian and the Indian positions on Afghanistan, but going forward, we hope that the Iranian position will come in line with our (India's) position. In the 1990's, both Iran and India had opposed the Taliban government in Kabul- it is hoped that a similar convergence on strategic matters is reflected by both India and Iran.

**Why is the United States so keen on this particular region? The Trump administration is talking about pulling troops out of Afghanistan, yet they seem to be so keen with what is happening with Iran and others; what's the issue really?**

Wael S H Awwad, West Asia Expert, weighed in with his arguments here.

- I believe that the issue is Israel. This is because the Americans believe that Israeli dominance in the region has to be retained and has to be protected by the United States foreign policy. The Americans have marketed themselves as peace brokers in the region, but their recognition of the Golan Heights as a part of Israel, puts these credentials in doubt. We should keep in mind that American foreign policy in the region has always been:
  1. Israel-centric;
  2. revolving around the geopolitics of oil and gas and
  3. focussed on looking at viable markets for their arms industries
- It is important to note that in the 1980's, the Americans and the Israeli's did business with the Iranians (around the period 1981-82 by selling the Iranians arms). This was although Iran was under sanctions, but business was done with Iran because it served the national interests of the U.S. and Israel.
- The fact is that the U.S. is trying to keep an anti-Iranian bloc alive in the region and this serves American interests to sell its arms in the region. Immediately after the Iranian revolution, the Americans helped erect the Taliban in Afghanistan.
- India on the other hand should look at Iran as an asset. India should weigh its position as an emerging power in Asia and as a stabilizing power as well which can help in telling the U.S. and its allies in working towards a stable south Asia.
- The United States is more bothered about the militarization of the Asia Pacific. However, this creates a vacuum in the middle-east and this vacuum in the middle-east needs to be filled with the presence of American allies.
- Further, America would be more than happy to see India, Israel, and other nations, placing their feet on the ground rather than allowing other countries to exert influence.
- The philosophy of the Americans is to keep alive the anti-Iranian sentiment in the region.

**What should be the areas of convergence for India and Iran and what should be the focus on?**

Prof. A K Pasha, Centre for West Asian Studies, JNU, weighed in with his arguments here.

- It is important to consider two more factors as well.
- One is the fact that the Americans are worried that their allies like the UAE and Saudi Arabia, are being encircled by Iran. Thus, the fear after the Arab Spring was that the monarchies in the Islamic world would be under threat. There was a belief that these Islamic monarchies had that Iran is leading this people's revolution.
- The number 2 American fear of Iran is the economic and military capability of Iran.
- Apart from Israel and Turkey, Iran is a major military-capable power. Iran has a huge army, a fairly decent navy, and it has built up its missile capability which can reach more than the regional

parameters. Thus, the Americans are worried that in spite of all the things that they did, such as placing sanction on Iran, etc. the Iranians are continuing to build up their capability and are becoming self-reliant, not so much on the oil revenues, but also on the non-oil revenues.

- As far as India and Iran are concerned, Chabahar is a major link between the two countries. India can utilize the Chabahar link not only to further India-Iran relations but also to further India's access to Central Asia. In a way, it is India's answer to the Chinese BRI (Belt and Road Initiative).
- It is also important to note that after Russia, Iran has the second largest gas reserves. As a matter of fact, for the foreseeable future, India needs Iranian gas. A lot of plans have been floated such as the IPI through Oman, and the TAPI pipeline (Turkmenistan, Afghanistan, Pakistan, India) pipeline but unfortunately, nothing has worked.
- However, still there is a hope that once things stabilize, Iranian gas would be helpful for our economic development in case India needs to achieve a double digit GDP and bring up people who are below the poverty line.
- The third aspect is that the Americans, no matter what they do in the region, are supporting the wrong horse, like they have done with Pakistan for so many years, supporting their military dictators. In this way, the regional dynamics of monarchies, oligarchs, etc. supported by the Americans and now the Israeli's, raises a question mark in itself.
- India has to weigh its policy as far as the long term future with Iran is concerned. Also Iran is a factor no matter how close India becomes with Saudi Arabia, the UAE, and Israel in this region.
- It is also important to note that Iran is a status-quo power; it has become realistic, following a pragmatic policy that is reflected through the nuclear deal. All of this has convinced India that it can do business with Iran, especially after Iran's support to India on the Kashmir issue at the UNHRC (United Nations Human Rights Commission).

### Concluding Remarks:

- In the coming days, from an Iranian perspective, the most critical thing is that their oil exports to India continue and this is where the Government of India has already made clear that for her own reasons, she is not in a position to make any substantial change because the oil prices have started climbing up again (in view of sanctions against Iran and Venezuela).
- At the same time, India has a very important relationship with the U.S. and with the Arab nations which will continue to be an important factor in our relations. However, we can certainly accommodate Iranian interests in continuing to buy Iranian crude. Also, there should be at some point a convergence of interests in Afghanistan as the U.S. prepares to withdraw or draw down its forces both in the middle-east as well as in Afghanistan. At the moment, India has no option but to continue buying Iranian crude.
- Currently, Iranian exports everywhere are being curtailed which means an overall scarcity and increasing prices. Indications are that prices have already climbed up around 20%.
- India's bilateral relationship with Iran is very strong but there are issues that are standing in the way for example, the sanctions that have now been imposed on Iran.
- One holds the belief that at the end of the day, the neighbours would come together.

Also, post the general elections in India, the new government would take a call as far as the policy with Iran is concerned. India and Iran can also make huge strides in furthering their bilateral relations in the following ways; namely, the Chabahar port. Although India has made a beginning here, the port can become a hub as far as the transit trade not only with Iran, Afghanistan, but also with Central Asia. The second area is the cultural contacts. A large number of Iranians, because of various reasons have not been able to go and study in various countries of their choice- India can step into this area. India can help revive itself as being a destination of choice for students from Iran. The next area is that of tourism where India and Iran can cooperate. There were talks once of a luxury cruise liner between Iran and India (i.e. either Bandar Abbas or Chabahar with the ports of Kandla or Mumbai). India can definitely take a step further in these two areas, i.e. education and tourism, irrespective of the sanctions that the U.S. has imposed on Iran.

